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# Budget Speech

OF

**THE HON. E. W. HINMAN**

TREASURER OF THE PROVINCE OF ALBERTA

DELIVERED AT THE FIRST SESSION  
OF THE

## **Fifteenth Legislature**

OF THE PROVINCE OF ALBERTA

# 1964

IN THE

## **Legislative Assembly of Alberta**

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

ALSO STATEMENTS OF  
FINANCIAL AND GENERAL INFORMATION

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PUBLISHED BY ORDER OF THE LEGISLATIVE ASSEMBLY

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EDMONTON

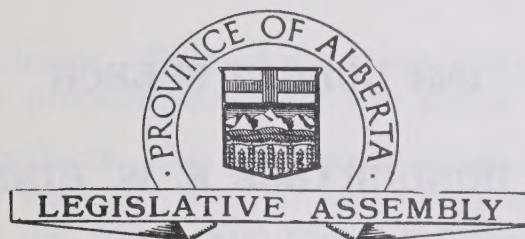
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## 1964 BUDGET SPEECH

THE HONOURABLE E. W. HINMAN

MR. SPEAKER:

I move that you do now leave the Chair and that this Assembly resolve itself into a Committee of Supply for the consideration of the sums to be granted to Her Majesty for the fiscal year ending March 31, 1965.

This is the ninth time, Mr. Speaker, that I have introduced this motion to the Legislature of Alberta and spoken in its support. Over this period of growth and progress there has been a strict adherence to certain basic principles of budgeting accompanied by a shifting emphasis from bare essentials in government service to aspects of social service designed to reduce the disparities between rich and poor in all those opportunities which make for happy and creative living. The basic principles have been—to balance revenues and expenditures; to turn unanticipated surplus revenues into sound reserves; to make these reserves serve the needs of our people and our municipalities and earn modest returns to add to future revenues; to establish the credit of our Province as number one in our Dominion; to create an economic climate attractive to free and competitive enterprise; to extend to every Albertan the ever-broadening educational opportunities of our age; to challenge ill health at every level with the best medical service available in our times; to guarantee to all unfortunates the basic physical needs in keeping with our economy and our rising standards of living; to make our heritage of resources contribute to our economic well-being in the most realistic manner consistent with good conservation practice.

Not so long ago the government aimed to make all our most used roads passable all year round for ordinary vehicles. Today its purpose is to extend as rapidly as possible a network of local, district and province-wide highways capable of bearing heavy and fast traffic with safety, economy and convenience. Nine years ago our program was strained to make available to rural Alberta children basic high school programs with as much variety as circumstances would permit. In 1964 we are aiming at the general availability of technical and vocational education of a high order. In 1956 the government was concentrating on developing University facilities in Edmonton in keeping with the needs of our time. In 1964 the Junior College program is designed to take University privileges out to the people. Nine years ago the government was working to help municipalities maintain basic hospitals within range of most of our people. This year will see modernized active treatment hospitalization broadly available and auxiliary hospitals and nursing home service within reach of all who need them. The first budget I presented to this House provided some expanding welfare services designed to help with basic physical needs of the near destitute. This budget provides that no one shall be denied these basic needs on a decent standard due



to economic insufficiency. Best of all, there is expanded emphasis on those rehabilitative procedures which are social as well as physical.

This budget reflects also the recognition that a government must do more than wait for growth and progress to come. It must prepare for it, seek out those who can stimulate it and attract them to the province; explore and then enhance and make known our advantages of every kind and, above all, design and implement those policies which will provide the assurances of stability, freedom of scope, justice and government co-operation which are the very roots of sound progress under free enterprise. You will find in the estimates of each department ample evidence that the government is alert to these responsibilities and opportunities.

In these years of rapid increase in our power to produce, to create, and to distribute, new problems are inevitable and old ones may well become more acute. There will be increasing conflicts of interest and increasing pressures on all governments to spend here and to spend there, to reduce taxes in this or that area, to tighten controls to protect us against our own stupidities, to take over the profitable and to subsidize the unprofitable. This budget reflects the faith of the government in the innate desire of our people for policies which preserve the rewards of individual initiative and resourcefulness, which make sure that in the public sector standards keep pace with those in the private sector, which keep the tax burden equitable with the expanding earning power of our people and which alleviate those pockets of poverty which we have not yet learned to eliminate.

The budget which I present to you tonight anticipates total revenue of \$411,774,325 and total expenditures of \$414,489,844, with a deficit of \$2,715,519.

The printed copies of this address which you have before you show in tabulated form the details of revenue and expenditures compared with those of last year. I shall not attempt to read each table, but I shall give the pertinent information with regard to each Department in the course of this address.

I shall treat first the Department of Agriculture.

## AGRICULTURE

While crop yields in 1963 were above average production varied considerably in different areas. Some areas in the south suffered a crop failure, yields were low in the Peace River regions, while bumper crops were harvested in the eastern and central portions of the Province. The quality of the crops was better than in 1962.

The recent large sales of grain to countries overseas gave a great boost to farm economy in Alberta and may well result in unwarranted increases in wheat acreage for 1964. The apparent failure of Russian agriculture to produce sufficient wheat for home consumption may be over-emphasized; China may insist on reciprocity in trade if she is to continue heavy wheat purchases from Canada and we must not forget that the other major wheat exporting countries hold nearly as much wheat as was held a year ago.



Alberta's herds of beef cows and heifers increased to more than 1,100,000 head. Pastures are barely adequate to accommodate herds of these proportions, and it is gratifying that one of the main phases of the ARDA program is to develop grazing lands.

The export market for feeder cattle fell off in 1963 which resulted in larger numbers being available to local feeders. As a result marketings of finished cattle will likely continue at a good level with prospects of better prices dependent largely on the situation in the United States. There is a possibility that United States prices may increase later in the year, which may make profitable Canadian exports to United States with concurrent increases in Canadian beef prices. There is some prospect of a reduction in the number of hogs to be raised in the United States in 1964 which may invite increased production in Canada and Alberta to supply an export market.

Production of dairy and poultry products increased slightly over 1962, thus maintaining Alberta's position as a major supplier of these products which lend themselves to family farm enterprise.

The total value of agricultural production in 1963 is estimated to be \$915,082,000, an increase of 10% over 1962. Lower prices for some products and a higher carryover of coarse grains and livestock may account for an estimated 6% reduction in farm cash incomes to an aggregate of \$520,000,000 for 1963.

A table showing the estimated value of agricultural production for 1963 and a comparison with that of 1962 appears at the end of this Speech.

Interest in the development and utilization of the Province's water resources is greater now than ever before. ARDA is devoting a good deal of its attention to this matter and the Province is continually improving its irrigation areas in the south. In the northern areas of the Province extensive aid is being given for the control of flooding and the initiation of necessary drainage works. At the same time a program is being developed in the field of watershed management to assist in the integrated and co-ordinated development of agricultural lands in a manner that will minimize future flooding and land erosion problems and assist in better water conservation.

The initial stage of the Brazeau development was completed in 1962 so that the flow of the Saskatchewan River is being regulated. At the dam site the first generating unit of 450,000 kilowatts will be ready in 1964, and the second unit of 190,000 kilowatts in 1966.

## NATURAL RESOURCES

Now turning to Natural Resources we find that record production and sales of oil, gas and sulphur were achieved in 1963. Crude oil production increased from 165 million barrels in 1962 to 168 million barrels in 1963, while the production of natural gas rose by 20% to a total of one trillion cubic feet. With 69 gas processing plants in operation at the end of 1963, pentane plus, propane and butane were processed in amounts of 16.4 million, 3.4 million and 2.4 million barrels respectively. Sulphur production was 1,220,000 long tons in 1963



compared with 972,000 long tons in 1962. The gross value of sales of these products totalled \$585.4 million, an increase of \$42.2 million over last year's sales.

There was increased activity in drilling and development in the oil and gas industry with footage drilled totalling 9.7 million feet compared with 9.1 million feet in the previous year. During the year there were 1770 well completions of which 860 were oil wells, 275 were gas wells, 580 were dry holes and 55 were service wells or suspended operations. As at December 31, 1963, there were 11,436 oil wells capable of production, 1,438 gas wells in operation and an additional 1,466 capped gas wells awaiting markets. Established reserves in the Province totalled 3.8 billion barrels of oil, 33.3 trillion cubic feet of natural gas and 872.8 million barrels of gas liquids. Last year's figures for reserves were 32 trillion cubic feet of gas, 3.6 billion barrels of crude oil and 710 million barrels of the gas condensates. Proven reserves of sulphur keep pace with those of natural gas.

Coal production showed an increase over the previous year due primarily to the increased use of the fuel for the generation of electric power by thermal means. Total tonnage for 1963 was 2,290,000 compared with 2,036,000 in 1962.

A general increase in land requirements was evident throughout the Province. The demand for pasture lands increased by nearly 10% to a total of 4,031,000 acres and the number of homestead leases and sales now total 5,980 compared with 4,353 at December 31, 1962. An increase has been noticed in the sale of farm lands and in the special use of Crown Lands under licenses of entry and occupation, leases and agreements.

Lumber production continued to recover in volume with 495 million board feet produced in 1963 compared with 478 million feet in 1962. Favorable markets and the premium on United States funds have kept stocks low in the Province.

Angling and game license sales remained steady with 266,000 licenses issued. Commercial fishing valued at \$1,100,000 and fur production worth \$1,500,000 were well in line with performances in our best years.

## INDUSTRIAL DEVELOPMENT

A review of our industrial development is always interesting. During 1963 the Alberta economy maintained the momentum attained during the past two years. A note of optimism is apparent in most of the year-end appraisals of the current situation and outlook for 1964. There is little in the international outlook to generate pessimism, and for the domestic Canadian economy the fiscal measures taken during the past few years appear to be bearing fruit in the increased rate of economic growth. The 7½% devaluation of the Canadian dollar in 1962 seems to have provided the means of making the Canadian manufacturing industry more competitive over a wider range of products for the export market. The general tone of the economy seems to be healthy and optimistic.



As already indicated the total cash income of Alberta farmers was lower in 1963. However, the greater number of livestock kept on feed and the better prospects for grain sales on the world market should convert the carry-over of agricultural products into a higher cash income for 1964.

Sales of minerals rose by 12% to a total of \$636 million, while the value of manufactured shipments increased by 6% to pass the billion dollar mark by \$34 million. Final figures on retail sales, with motor vehicles the highlight, are expected to exceed \$1.5 billion, compared with \$1.46 billion in 1962. Electric power generation increased by 9% thus indicating a continued expansion in energy requiring industries.

The construction industry, as measured by building permits issued, did not quite attain the record level achieved in 1962, but the total of \$278,000,000 was the second highest on record. Employment was higher in 1963.

During 1963 there were eleven multi-million dollar industrial plants completed or under construction. These include six gas plants and plants to produce fertilizers, egg containers, small diameter pipe, steel products and a scrubbing plant.

### CO-OPERATIVE ACTIVITIES

Co-operative Associations and Credit Unions had a vigorous growth in 1963. There are now 312 credit unions with a total membership of 102,500 and assets of \$47,800,000; and 805 co-operative associations with a total membership of 360,000, and sales in 1963 amounting to \$54 million.

Each year more farms are being electrified under the Rural Electrification Co-operative program. During 1963, 2,700 farms obtained electric power bringing the total to 61,340 which is 93% of the occupied farms in the Province. Rural electrification associations have been set up in all recognized farming areas, and power is available to virtually all farms in established farming districts.

Under the government's Rural Electrification Revolving Fund Act, a total of \$43,516,000 has been loaned to farmers, of which \$19,650,000 was still owing at December 31, 1963.

### FEDERAL PROVINCIAL FISCAL ARRANGEMENTS

Next year will be the third year of the arrangement under which The Alberta Income Tax Act is administered by the Federal Government. Pursuant to these arrangements the Government of Canada collects on behalf of Alberta income tax on individuals and corporations in accordance with our Act and returns to the Province fifty percent of Estate taxes attributable to Alberta. The arrangement guarantees that Alberta's total receipts from these sources will be not less than \$59,232,000 being the amount we received for the fiscal year ended March 31, 1962, the last year of the previous Tax-Sharing arrangements.



At the Federal-Provincial Conference held in Ottawa on November 25th to 29th last year the Federal Government acceded in some measure to the strong provincial requests for additional money. Alberta did not gain very much in the adjustment. Owing to the fact that natural resources revenue is taken into account in calculating equalization, we gained nothing from the revised formula. However the Federal Government did increase each province's share of estate taxes from 50% to 75% of such taxes pertaining to the province. It is estimated that this will increase Alberta's revenue by \$1,722,000.

For the coming fiscal year, I have estimated receipts of \$59,150,000 from our Income Tax Act, and \$5,150,000 from estate taxes.

Amendments to the Income Tax Act will be introduced at this Session to provide for the averaging of the incomes of farmers and fishermen, to provide for earlier payments of taxes by Corporations, and to establish an income tax rate of 19% in 1965 on individual taxable incomes, an increase of 1% which is the amount of the Federal withdrawal for this year.

### **MUNICIPAL WINTER WORKS INCENTIVE PROGRAM**

Municipalities continue to take full advantage of the benefits derived under the Municipal Winter Works Incentive Program. Again the total value of work for the 1963-64 program year will total \$25,000,000 with savings of \$5,250,000 to be earned, of which the Federal Government will contribute \$3,500,000 while \$1,750,000 will be paid by the Provincial Government. It is estimated that 10,000 men will be employed for a total of 420,000 man days under this program.

### **TREASURY BRANCHES**

Business in the Treasury Branches showed a substantial expansion in 1963. While we did not open any new branches during the year several locations are being examined with a view to establishing new branches in the near future. Our present establishment of 58 branches, 7 sub-branches and 90 agencies provided a complete banking service to many thousands of people throughout the Province.

During the year total deposits increased by nearly \$9,300,000 to \$91,435,000, while the number of depositors increased by 5,785 to a total of 84,128. Many more individuals and business firms took advantage of the Treasury Branches' loaning facilities, with the result that loans at December 31, 1963 amounted to \$57,034,000, up \$10,689,000 from the previous year end.

The ever increasing request for loans pointed up the need for additional deposits, and to encourage these we revised interest rates upwards on both demand and term savings accounts. The response so far has been encouraging and we look for further increases. The rate for demand savings deposits has been increased to 3½% per annum and the rate on 1 to 5 year term savings certificates has now been established at from 4 to 4½% per annum depending on the term.



For the fiscal year ended March 31, 1963, Treasury Branches revenue amounted to \$4,763,383 and expenditures totalled \$3,346,386, showing surplus receipts of \$1,416,997. From this surplus \$416,997 was transferred to the reserve for doubtful accounts and \$1,000,000 was returned to the Government as revenue. As predicted in my speech last year, the reserve for doubtful accounts now stands at nearly \$3,000,000, all accounts have been paid, and revenue is now accruing to the Government from the Treasury Branches operations.

### AUDITORIUMS

There were 2,305 performances and meetings at the Jubilee Auditoria during 1963. While this is down by approximately 6% from the previous year, total attendance of 809,000 again indicates the extent of the appreciation of these fine buildings by the people of the Province.

Our people throng to the auditoria to enjoy theatrical performances, symphony concerts, Celebrity concerts, lectures, travelogues, arts displays, conventions and miscellaneous gatherings. While the schedules of charges for using the facilities of the auditoria are meant to be realistic for commercialized uses they are so graduated as to give encouragement to groups who wish to use the buildings for cultural, educational, charitable and religious activities. It is for this reason that revenues are not sufficient to cover the total costs of operating the buildings.

### TOURIST TRAVEL

The tourist industry in Alberta continued to maintain a steady growth. There was a considerable increase in the number of tourists vacationing in the Province and using the facilities developed to make Alberta more attractive. The records from available sources show that 3,800,000 tourists attended the national parks in Alberta and spent more than \$100 million.

Our provincial parks have proved to be very attractive to tourists so that it has been most important to enlarge and improve the park facilities. Tourist accommodation has been expanded until there are now in Alberta 359 establishments having 5,494 rental units.

### THE ALBERTA HAIL INSURANCE BOARD

The Board again reported a substantial increase in business in 1963. More than 2,400,000 acres were insured for \$22,190,000 compared with last year's 2,000,000 acres insured for \$18,574,000. Total losses of \$984,000 were paid and reserves were increased from \$3,424,000 to \$3,750,000. This healthy position enabled the Board to increase its dividend rate to non-claimants to 15% of premiums with a total of \$207,000 disbursed in such dividends.

### PUBLIC ACCOUNTS—1962-63

The Public Accounts for the fiscal year ended March 31, 1963 have been tabled and are available to the public. They provide detailed information on the financial operations of the Government for the year under review.



The accounts show an over-all surplus of \$15,067,665 resulting from total receipts of \$404,625,039, and total expenditures of \$389,557,374. In my Budget Address for that year I had forecast a modest surplus of \$61,090. The improvement results from many increases in revenue and decreases in expenditure. The main revenue increases were \$4,221,000 from the oil industry; \$5,150,000 from our fiscal arrangements with the Federal Government; \$2,223,000 increased profits from the Alberta Liquor Control Board, and \$2,013,000 additional reimbursement from the Federal Government under the Alberta Hospital Insurance Scheme. Net capital payments were some \$3,100,000 less than estimated for the period which accounts for that much of the surplus.

### CURRENT FISCAL YEAR

The Interim Financial Statement for the nine month period ended December 31, 1963 on a cash basis, has been made available to Members of this Assembly. The statement shows a very gratifying over-all surplus of \$5,865,093 derived as follows:

<b>Revenue:</b>		
Income account .....	\$314,508,567	
Capital receipts .....	18,258,546	
		\$332,767,113
<b>Expenditure:</b>		
Income account .....	\$271,532,270	
Capital payments .....	55,369,750	
		\$326,902,020
Over-all surplus .....		\$ 5,865,093

Revenues were higher than estimated due mainly to better returns from Petroleum and Natural Gas royalties and sales of Crown reserve leases and reservations.

Since our largest expenditures are incurred during the first nine months of any fiscal year we may anticipate a substantially larger surplus at the end of the fiscal year on March 31, 1964 than at the end of the third quarter.

### ESTIMATES FISCAL YEAR ENDING MARCH 31, 1965

Copies of the Estimates for the fiscal year ending March 31, 1965 have been tabled and distributed to the Members of this Assembly. The Estimates are summarized as follows:

Estimated revenue—income account .....	\$397,505,970	
Estimated receipts—capital account .....	14,268,355	
		\$411,774,325
Estimated expenditure—income account .....	\$341,660,204	
Estimated expenditure—capital account .....	72,829,640	
		\$414,489,844
Estimated over-all deficit .....		\$ 2,715,519

It was only in 1959 that our budget expenditures passed \$300,000,000. In five years our expenditures are up more than \$100 million. The \$40,666,906 increase over last year's budget of \$373,822,938 reflects increased amounts for all departments with substantially higher appropriations for Education and Public Health.

In my economic review I have mentioned repeatedly the healthy state of our economy which I think justifies our expectancy of obtain-



ing revenue almost sufficient to meet these very large expenditures, even though there are no new taxes contemplated.

The following tables show our estimated revenues and expenditures by departments, and indicate comparisons with last year's estimates:

### ESTIMATED REVENUE — INCOME ACCOUNT

Department	Estimates 1964-65	Estimates 1963-64	Increase Decrease*
Agriculture .....	\$ 1,680,650	\$ 1,154,450	\$ 526,200
Attorney General .....	6,669,200	6,023,150	646,050
Education .....	1,613,845	2,974,330	1,360,485*
Executive Council .....	7,502,495	5,073,500	2,428,995
Highways .....	16,559,600	15,998,250	561,350
Industry & Development .....	150,000	144,000	6,000
Labour .....	575,000	600,000	25,000*
Lands and Forests .....	7,750,000	7,073,000	677,000
Legislation .....	93,610	71,110	22,500
Mines and Minerals .....	145,194,500	116,988,500	28,206,000
Municipal Affairs .....	9,774,500	7,241,730	2,532,770
Provincial Secretary .....	44,328,210	42,983,310	1,344,900
Public Health .....	34,690,500	28,005,000	6,685,500
Public Works .....	1,476,535	1,091,170	385,365
Treasury—Federal Subsidies .....	2,840,000	2,815,000	25,000
Treasury—Federal-Provincial Fiscal Arrangements .....	7,850,000	9,932,000	2,082,000*
Treasury .....	108,757,325	95,831,350	12,925,975
<b>TOTAL: Estimated Revenue Income Account .....</b>	<b>\$397,505,970</b>	<b>\$343,999,850</b>	<b>\$ 53,506,120</b>

In addition to the foregoing statement of departmental revenue, I think it will be of interest to show the main sources from which the revenue is obtained and to compare the revenues from various sources with those of last year.

Source of Revenue	Estimates 1964-65	Estimates 1963-64	Increase Decrease*
The Alberta Income Tax Act .....	\$ 59,150,000	\$ 51,000,000	\$ 8,150,000
Tax sharing arrangements and subsidies .....	10,690,000	12,747,000	2,057,000*
Fuel Oil Tax & Auto Licenses .....	55,516,000	54,335,000	1,181,000
Alberta Liquor Control Board .....	26,500,000	25,500,000	1,000,000
Natural Resources .....	152,944,500	124,061,500	28,883,000
All other sources .....	92,705,470	76,356,350	16,349,120
	<b>\$397,505,970</b>	<b>\$343,999,850</b>	<b>\$ 53,506,120</b>

### ESTIMATED CAPITAL RECEIPTS

Department	Estimates 1964-65	Estimates 1963-64	Increase Decrease*
Agriculture .....	\$ 446,000	\$ 521,500	\$ 75,500*
Highways .....	1,314,500	2,686,500	1,372,000*
Lands & Forests .....	1,275,000	1,208,000	67,000
Municipal Affairs .....	28,000	34,000	6,000*
Public Works .....	1,076,030	14,130,500	13,054,470*
Treasury .....	10,128,825	11,267,300	1,138,475*
<b>TOTAL: Estimated Capital Receipts .....</b>	<b>\$ 14,268,355</b>	<b>\$ 29,847,800</b>	<b>\$ 15,579,445*</b>



**ESTIMATED EXPENDITURE — INCOME ACCOUNT**

Department	Estimates 1964-65	Estimates 1963-64	Increase Decrease*	Percentage of Total Expenditure
Agriculture .....	\$ 5,843,345	\$ 5,310,480	\$ 532,865	1.71
Attorney General .....	11,796,660	10,336,014	1,460,646	3.45
Education .....	94,039,360	84,507,085	9,532,275	27.52
Executive Council .....	7,027,204	5,454,294	1,572,910	2.06
Highways .....	26,191,330	25,310,500	880,830	7.67
Industry & Development .....	1,150,320	1,067,040	83,280	.34
Labour .....	2,440,760	2,414,065	26,695	.71
Lands and Forests .....	10,751,500	9,655,870	1,095,630	3.15
Legislation .....	1,631,715	1,549,485	82,230	.48
Mines & Minerals .....	1,568,520	1,498,860	69,660	.46
Municipal Affairs .....	3,837,335	3,591,810	245,525	1.12
Provincial Secretary .....	2,364,845	2,076,510	288,335	.69
Public Debt .....	2,527,600	3,154,050	626,450*	.74
Public Health .....	104,636,700	87,303,800	17,332,900	30.62
Public Welfare .....	26,787,475	24,657,055	2,130,420	7.84
Public Works .....	15,707,810	14,022,650	1,685,160	4.60
Treasury .....	23,357,725	20,548,445	2,809,280	6.84
<b>TOTAL: Estimated Expenditure Income Account .....</b>	<b>\$341,660,204</b>	<b>\$302,458,013</b>	<b>\$ 39,202,191</b>	<b>100.00%</b>

**ESTIMATED CAPITAL EXPENDITURE**

Department	Estimates 1964-65	Estimates 1963-64	Increase Decrease*
Agriculture .....	\$ 2,392,150	\$ 2,175,660	\$ 216,490
Education .....	750,000	392,000	358,000
Highways .....	37,453,210	39,238,770	1,785,560*
Lands and Forests .....	710,350	827,000	116,650*
Public Works .....	30,488,930	26,456,495	4,032,435
Treasury .....	1,035,000	2,275,000	1,240,000*
<b>TOTAL: Estimated Capital Expenditure</b>	<b>\$ 72,829,640</b>	<b>\$ 71,364,925</b>	<b>\$ 1,464,715</b>

I now draw your attention to detailed estimates for the various departments:

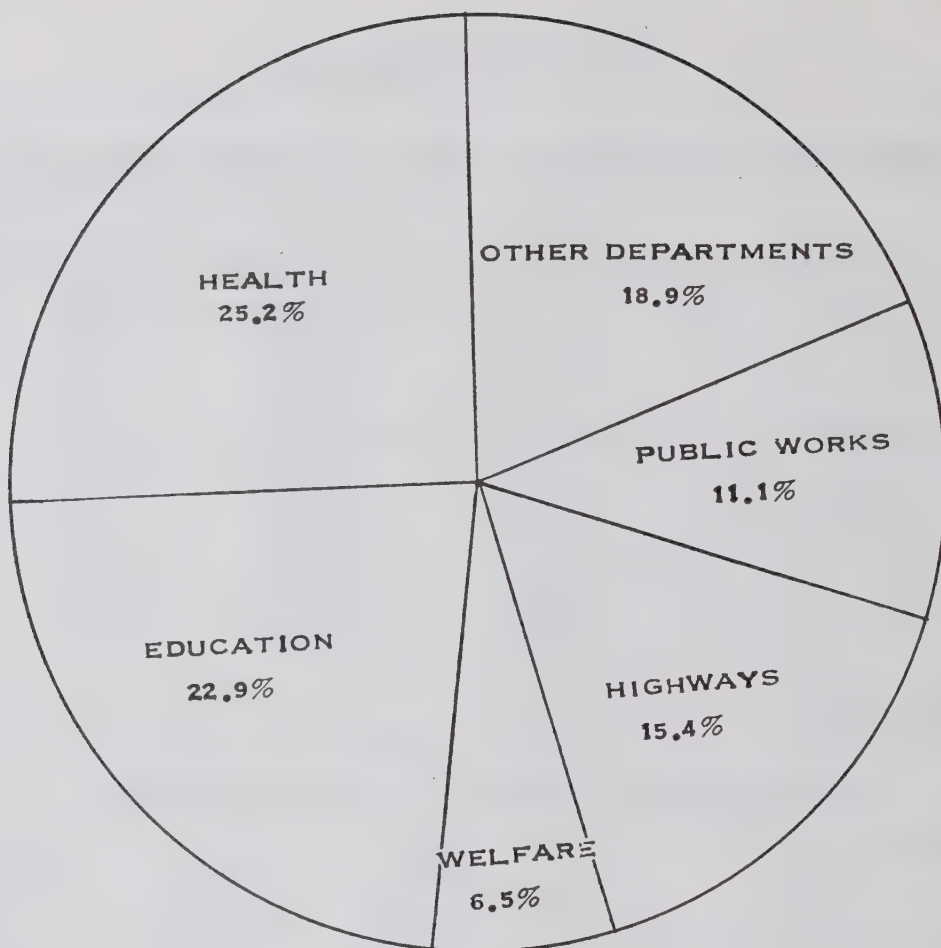
**DEPARTMENT OF AGRICULTURE**

	1964-65	1963-64	Increase or Decrease*
<b>Estimated revenue:</b>			
Income account .....	\$ 1,680,650	\$ 1,154,450	\$ 526,200
Capital account .....	446,000	521,500	75,500*
	<b>\$ 2,126,650</b>	<b>\$ 1,675,950</b>	<b>\$ 450,700</b>
<b>Estimated expenditure:</b>			
Income account .....	\$ 5,843,345	\$ 5,310,480	\$ 532,865
Capital account .....	2,392,150	2,175,660	216,490
	<b>\$ 8,235,495</b>	<b>\$ 7,486,140</b>	<b>\$ 749,355</b>

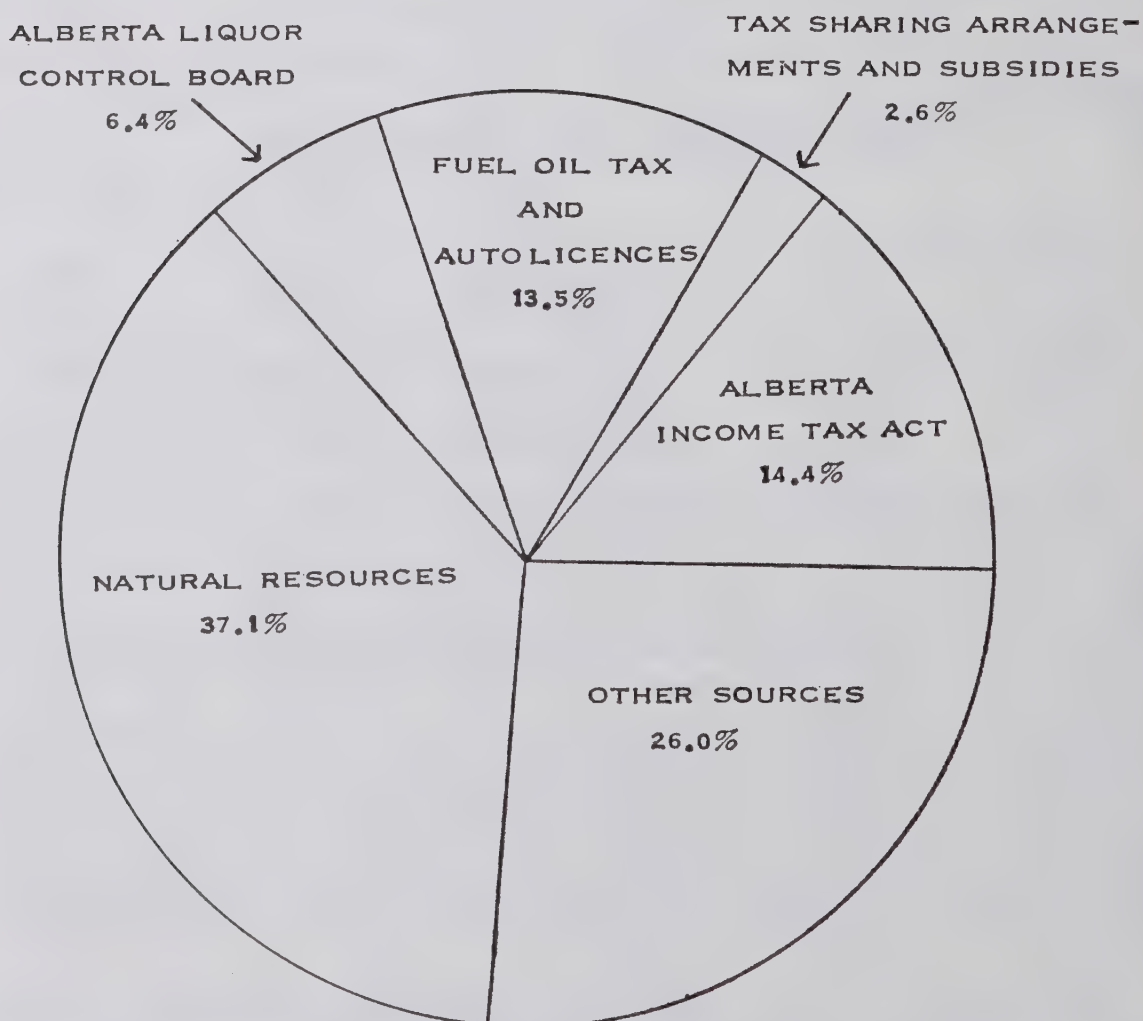
The joint program of agricultural rehabilitation and development is gaining momentum. Meetings have been held between Federal and Provincial officials and an interim program to cost more than six million dollars through 1965 has been drawn up. This program will embrace the development of planned land utilization, management of soil and crops, and conservation of water resources. The need of conserving and utilizing water resources in Western Canada is becoming so urgent that ARDA will devote considerable time and expense to this important phase of its activities. Several branches of the Department of Agriculture are working with the ARDA scheme, and ample funds have been appropriated to carry out their planned activities through a cost sharing arrangement with the Federal Government.

The Department will continue to provide supervision and assistance in all phases of our agriculture industry so that the best





Percentage of Estimated Expenditures by major departments for the fiscal year ending March 31, 1965—combined Income and Capital Accounts.



Percentage of Estimated Revenue by source for the fiscal year ending March 31, 1965—combined Income and Capital Accounts.



possible returns may be obtained by our farmers. Increased appropriations have been provided for the field crops, livestock, dairy and poultry branches; a gross total of \$1,237,505 has been included to operate the agricultural schools at Olds, Vermilion and Fairview, and there is ample provision for programs to control animal and plant diseases.

In addition to the ARDA program, the department will continue to develop its irrigation projects, particularly those of the St. Mary's and Bow River schemes. More lands are being put to use under irrigation thus making it important to keep the canals in good working order.

In the estimates of the Department of Public Works provision has been made for \$732,350 for construction of additional facilities at the Schools of Agriculture, and \$170,750 for other capital projects including \$125,000 for a veterinary laboratory at Lethbridge.

### ATTORNEY GENERAL'S DEPARTMENT

	1964-65	1963-64	Increase
Estimated Revenue:			
Income Account .....	\$ 6,669,200	\$ 6,023,150	\$ 646,050
Estimated Expenditure:			
Income Account .....	\$ 11,796,660	\$ 10,336,014	\$ 1,460,646

As you will note from the above table the vote for the Attorney General's Department has been considerably increased. Much of the increase is accounted for in appropriations for our gaols and corrective institutions. Rehabilitation and minimum security programs have increased the cost, the total of which is expected to be \$4,217,795 next year compared with \$3,716,610 estimated for last year. Our agreement with the Royal Canadian Mounted Police will cost \$2,023,600, an increase of \$128,190 over last year.

Further improvements will be made at the Land Titles Offices in Edmonton and Calgary to accommodate the public and substantial sums have been provided for improvements in facilities necessary in the administration of the legal work of the Government.

We expect to receive \$2,600,000 from land titles fees and \$1,970,000 from fines levied under Federal and Provincial Statutes.

There will be considerable construction done by the Public Works Department at the various institutions to cost a total of \$1,606,200 which includes \$300,000 for an extension at the Bowden Institution for juveniles and \$350,000 for an addition to the Alberta Institution for Girls at Belmont.

### DEPARTMENT OF EDUCATION

	1964-65	1963-64	Increase or Decrease*
Estimated revenue:			
Income account .....	\$ 1,613,845	\$ 2,974,330	\$ 1,360,485*
Estimated expenditures:			
Income account .....	\$ 94,039,360	\$ 84,507,085	\$ 9,532,275
Capital account .....	750,000	392,000	358,000
	\$ 94,789,360	\$ 84,899,085	\$ 9,890,275



The cost of education continues to rise as is clearly indicated by the above figures. The main reason lies in the increasing number of pupils with a corresponding increase in the number of teachers. The number of pupils increased to 326,457 in 1963 from 312,684 in 1962, and the number of teachers to 13,988 from 13,342. Operating cost per pupil rose from \$369.32 to \$381.28 during the same period.

The total estimated expenditure for the Department of Education is \$94,789,360 which is 27.52% of the total estimated expenditures on income account. The Government's contribution to the School Foundation Fund is expected to be \$71,530,000 an increase of \$8,530,000 over the amount provided for the present year. The peak construction of technical schools has been passed, and we have provided a reduced amount of \$2,000,000 to complete those projects presently underway. Seventy-five percent of this amount will be reimbursed by the Federal Government.

The Northern Alberta Institute of Technology in Edmonton is now in operation and together with the Southern Institute of Technology in Calgary provides tuition for upwards of 15,000 vocational students. To operate these schools we have included in the estimates a sum of \$3,913,800 which is partly refundable from the Federal Government.

Through the Queen Elizabeth Fund there will be increased assistance to students in higher education from an appropriation of \$1,908,140 for the year compared with \$1,545,650 provided last year. The Correspondence School will continue to provide courses for more than 11,000 elementary, junior and Senior high school pupils at a cost of \$801,550. Further substantial sums have been provided to reduce the cost of text books for students, and to assist with cost of supervision and administration of schools.

It is anticipated that next year there will be 9,300 full time students enrolled at the University of Alberta in Edmonton and 2,400 at the University in Calgary. In addition more than 4,500 students will attend summer courses, 2,200 will take evening classes, and approximately 800 will take advantage of part-time courses offered. We have provided an appropriation of \$14,600,000 towards the operation of both Universities, \$3,600,000 more than the amount provided last year. For the first time affiliated Junior colleges will qualify for grants from the appropriation for Colleges and Universities.

The extensive construction program on both University campuses will be continued by the Department of Public Works next year. A total amount of \$8,962,500 has been included for many University buildings including the Household Economics and Chemical Petroleum Engineering buildings in Edmonton, and Calgary Hall and the Sciences Complex in Calgary. An additional amount of \$277,100 will be spent on construction at the Provincial Institutes of Technology.

### EXECUTIVE COUNCIL

	1964-65	1963-64	Increase
Estimated Revenue: Income Account .....	\$ 7,502,495	\$ 5,073,500	\$ 2,428,995
Estimated Expenditure: Income Account .....	\$ 7,027,204	\$ 5,454,294	\$ 1,572,910



The Public Service Pension Board operates within the vote for the Executive Council. This Board administers the Public Service Pension Fund, the Temporary Employees Retirement Fund and the Local Authorities Pension Fund. Contributions to revenue from these funds are expected to total \$7,400,000 while pension payments will require \$4,265,000. An appropriation of \$728,000 is required to provide for the Government's contribution to the Oil and Gas Conservation Board and \$1,520,274 to enable the Research Council of Alberta to continue its studies and research in the interests of the industrial development of the Province.

## DEPARTMENT OF HIGHWAYS

	1964-65	1963-64	Increase or Decrease*
Estimated revenue:			
Income account .....	\$ 16,559,600	\$ 15,998,250	\$ 561,350
Capital account .....	1,314,500	2,686,500	1,372,000*
	\$ 17,874,100	\$ 18,684,750	\$ 810,650*
Estimated expenditure:			
Income account .....	\$ 26,191,330	\$ 25,310,500	\$ 880,830
Capital account .....	37,453,210	39,238,770	1,785,560*
	\$ 63,644,540	\$ 64,549,270	\$ 904,730*

The total highways program requiring expenditures of \$63,644,540 can best be illustrated by the following table:

### Maintenance and Administration

	1964-65	1963-64	Increase or Decrease*
Ferries, Bridges and Highways .....	\$ 6,586,630	\$ 6,110,050	\$ 476,580
Construction and maintenance of bridges in municipalities .....	3,000,000	3,000,000	.....
Construction and maintenance of high- ways in municipalities .....	12,280,000	11,800,000	480,000
Construction—municipal projects .....	1,100,000	1,250,000	150,000*
Approach roads .....	500,000	500,000	.....
Motor Vehicle Branch .....	1,877,200	1,741,390	135,810
Administration .....	847,500	909,060	61,560*
	\$ 26,191,330	\$ 25,310,500	\$ 880,830

### Construction

Main highways, ferries & bridges .....	\$ 37,453,210	\$ 39,238,770	\$ 1,785,560*
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You will note that maintenance of our main highways becomes more costly as the program of building and improving goes on and that the items provided for grants and costs of construction and maintenance within the municipalities total \$16,380,000,—\$330,000 more than last year's estimates for the same purposes.

In the capital section construction on main highways will be provided for in the same amount as last year. The reduction in the total construction vote is due to less work contemplated on roads to resources. This program is sharable with the Federal Government, so our capital receipts are correspondingly lower.

• The revenue of this Department comes mainly from registering and licensing motor vehicles and drivers.



The equipment of the Department of Highways is maintained and serviced in shop and service areas provided by the Department of Public Works from an appropriation which this year will amount to \$706,000.

## DEPARTMENT OF INDUSTRY AND DEVELOPMENT

	1964-65	1963-64	Increase
Estimated Revenue:			
Income Account .....	\$ 150,000	\$ 144,000	\$ 6,000
Estimated Expenditure:			
Income Account .....	\$ 1,150,320	\$ 1,067,040	\$ 83,280

The Department intends to expand its facilities to promote and assist industry in the Province. Pamphlets, films and statistics are prepared and distributed throughout the country and abroad. The Provincial Marketing Board will continue its financial assistance through purchasing bulk supplies for dealers and consideration is being given to expanding this service. The Alberta Power Commission also operates under this Department and you will find in the detailed estimates the appropriation to enable the Commission to continue its work to foster economical development and utilization of our power resources.

## DEPARTMENT OF LABOUR

	1964-65	1963-64	Increase or Decrease*
Estimated Revenue:			
Income Account .....	\$ 575,000	\$ 600,000	\$ 25,000*
Estimated Expenditure:			
Income Account .....	\$ 2,440,760	\$ 2,414,065	\$ 26,695

The Board of Industrial Relations will require \$391,280 to continue its excellent work of conciliation between management and labour.

With economic growth comes industrial expansion which requires increasing inspections under The Gas Protection Act, The Electrical Protection Act and the Boilers Act. A total sum of \$1,080,630 is required for these services and \$485,000 will be collected in fees.

Apprenticeship training for more than 5,000 apprentices in 23 trades will cost \$1,426,515 of which \$650,000 will be recovered from the Federal Government under cost sharing arrangements.

## DEPARTMENT OF LANDS AND FORESTS

	1964-65	1963-64	Increase or Decrease*
Estimated Revenue:			
Income Account .....	\$ 7,750,000	\$ 7,073,000	\$ 677,000
Capital Account .....	1,275,000	1,208,000	67,000
	\$ 9,025,000	\$ 8,281,000	\$ 744,000
Estimated Expenditure:			
Income Account .....	\$ 10,751,500	\$ 9,655,870	\$ 1,095,630
Capital Account .....	710,350	827,000	116,650*
	\$ 11,461,850	\$ 10,482,870	\$ 978,980



Although the number of forest fires in 1963 exceeded the long term average, the acreage destroyed was low and the cost of fire prevention and fire fighting not excessive at \$650,000. Every effort will be made to protect and wisely manage our forests and the very substantial sum of \$6,907,520 has been included in the estimates for this purpose, which is more than \$675,000 above the amount estimated last year. A further sum of \$1,026,100 has been provided to administer the Fish and Wild Life Branch. The development and maintenance of provincial parks has been immensely popular and will require an additional amount of \$185,910 this year to make a total estimate of \$1,044,250.

With increasing activity in the timber industry, we anticipate higher revenue from fees and rentals and have increased the estimate of this revenue by \$250,000 to a total of \$2,950,000. Receipts from royalties and licenses under the Fish and Game Acts are expected to yield \$1,169,000 and further substantial revenue will accrue from land and grazing contracts.

For this Department Public Works will spend \$668,500 to build warehouses and garages in appropriate forest areas and \$140,000 for an extension to the Forestry Training School at Hinton.

### LEGISLATION

	1964-65	1963-64	Increase
Estimated Revenue:			
Income Account .....	\$ 93,610	\$ 71,110	\$ 22,500
Estimated Expenditure:			
Income Account .....	\$ 1,631,715	\$ 1,549,485	\$ 82,230

Legislation will be introduced to provide modest increases in the Sessional indemnities of members of the Legislature and in the allowances for the Leader of the Opposition, the Speaker and the Deputy Speaker. To provide for these changes the amount for indemnities and allowances has been increased by \$48,800 to a total of \$395,800. There is little change in the costs of the Provincial Auditor's office and the Data Processing Centre which have been voted \$457,425 and \$680,950 respectively in the appropriation for legislation.

### DEPARTMENT OF MINES AND MINERALS

	1964-65	1963-64	Increase
Estimated Revenue:			
Income Account .....	\$145,194,500	\$116,988,500	\$ 28,206,000
Estimated Expenditure:			
Income Account .....	\$ 1,568,520	\$ 1,498,860	\$ 69,660

During the current year we have experienced very good returns from the sale of Crown leases and reservations, and have projected this favorable aspect into the estimates for next year. Accordingly the amount expected from such sales has been set at \$48,000,000 which is \$20,000,000 higher than the amount estimated last year. This may well prove an optimistic target since the factors which resulted in a higher actual revenue for 1963-64 cannot be expected to operate so much in our favour every year. Royalties estimates



have been increased by \$8,000,000 to \$56,000,000, while revenues from rentals are anticipated to yield \$38,000,000, the same as last year.

Expenditure estimates to administer our natural resources are up slightly at \$1,568,520.

DEPARTMENT OF MUNICIPAL AFFAIRS

	1964-65	1963-64	Increase or Decrease*
Estimated Revenue:			
Income Account .....	\$ 9,774,500	\$ 7,241,730	\$ 2,532,770
Capital Account .....	28,000	34,000	6,000*
	\$ 9,802,500	\$ 7,275,730	\$ 2,526,770
Estimated Expenditure:			
Income Account .....	\$ 3,837,335	\$ 3,591,810	\$ 245,525

Activity under the Municipal Winter Works Incentive Program continues to increase with more municipalities participating to take advantage of the grants from the senior governments and to provide employment during the winter season. The appropriation for grants has been increased by \$500,000 to \$5,500,000 which will pay for three-quarters of the labor costs of approved projects. The Federal Government will reimburse the Province for two-thirds of these expenditures which will amount to \$3,660,000.

The department will continue to give assistance and supervision in the assessments of municipalities at an estimated cost of \$1,113,130.

The main revenue source of this Department is the 4 mills levied on equalized assessments in the municipalities to cover their share of the costs of the Province's Hospitalization Scheme. The rate remains the same this year but the anticipated revenue from this source set at \$9,600,000 is seen to be over 2½ millions higher this year due to an upward revision of the equalized assessment to which the rate is applied.

PROVINCIAL SECRETARY'S DEPARTMENT

	1964-65	1963-64	Increase
Estimated Revenue:			
Income Account .....	\$ 44,328,210	\$ 42,983,310	\$ 1,344,900
Estimated Expenditure:			
Income Account .....	\$ 2,364,845	\$ 2,076,510	\$ 288,335

Although there is no increase in rates under The Fuel Oil Tax Act we have estimated revenue of \$40,000,000 from this source, which is \$1,100,000 more than the amount estimated for the current year. Further receipts of this Department will be an estimated \$2,450,000 to come from the 2% tax on insurance premiums under The Insurance Corporation Tax Act.

Various communities have been given another year to clear up qualifications for recreation grants under the old program and \$375,000 has been provided to complete these grant payments. Various programs under the Recreation and Cultural Activities Branch will require \$560,400 and \$111,630 has been provided for active organization of the Provincial Museum Office.



**PUBLIC DEBT**

	1964-65	1963-64	Decrease
Estimated Expenditure: Income Account .....	\$ 2,527,600	\$ 3,154,050	\$ 626,450

Debt retirement will require \$424,000 less next year down to an amount of \$1,936,000, while interest will be \$430,000, a decrease of \$149,000 from the previous year.

Our funded debt amounted to \$19,654,065 as at December 31, 1963, a decrease of \$2,034,408 from a year ago. Our guaranteed debt increased by \$79,784,822 to \$393,128,509, made up mostly of borrowings by the Alberta Government Telephones Commission and the Alberta Municipal Financing Corporation.

Our main investments at March 31, 1963 amounted to \$424,876,000, some \$10,000,000 more than the amount at March 31, 1962. These are investments of \$248,982,000 in bonds of our municipalities, school boards, hospital boards, rural electrification associations and the Alberta Government Telephones Commission and \$175,894,000 in cash and Federal and Provincial debentures.

**DEPARTMENT OF PUBLIC HEALTH**

	1964-65	1963-64	Increase
Estimated Revenue: Income Account .....	\$ 34,690,500	\$ 28,005,000	\$ 6,685,500
Estimated Expenditure: Income Account .....	\$104,636,700	\$ 87,303,800	\$ 17,332,900

Total estimates of the department as shown in the above table are \$104,636,700 which is \$17,332,900 more than the amount estimated last year. This vote represents more than one-quarter of our total estimated revenues on both income and capital accounts and is 30.62% of our estimated operating expenses. The gross estimated requirements of the department are \$111,261,600 which is an expenditure of \$79.00 for every person in the Province. Many of the services are on a cost-sharing basis with the Federal Government so that estimated reimbursements of \$6,624,900 will reduce the expenditure of the department to the amount shown in the above table.

The Alberta Medical Plan commenced operations on October 1, 1963, and to date approximately one-half of the number of persons estimated to be eligible are covered. An amount of \$2,830,800 has been provided to pay for the Government's assistance for those persons who are to benefit under the plan.

Under the Alberta Hospitalization Plan payments are made to hospitals for approved operating costs, for renovations and equipment and for interest and principal payments on capital debt. With new auxiliary and active treatment hospitals coming into operation and with increased operating costs, substantial additional funds are required to pay for the plan. The cost is estimated to be \$75,970,000 which is \$12,853,700 more than the amount estimated last year. Approximately 40% of this cost will be refunded by the Federal Government which accounts for \$31,500,000 included in the revenue estimates.



There is considerable hospital construction underway or planned and \$6,000,000 has been provided to pay construction grants on a per bed basis. The Federal Government will reimburse one-third of this cost.

Continued and improved care at the mental institutions will require an additional \$641,900 to a gross total of \$13,435,900 and \$2,550,000 has been provided for the care and treatment of tuberculosis patients.

The following table shows the estimated net cost of all health services provided by the Department with comparative figures from the estimates of a year ago.

Health Service	Estimates 1964-65	Estimates 1963-64	Increase or Decrease*
Alberta Hospitalization Plan .....	\$ 75,970,000	\$ 63,116,300	\$ 12,853,700
Care of mentally ill .....	12,813,900	12,194,000	619,900
Care of tuberculosis patients .....	2,360,000	2,350,100	9,900
Cancer treatment .....	1,038,000	1,225,350	187,350*
Alberta Medical Plan .....	2,830,800	1,000,000	1,830,800
Medical care of pensioners .....	2,307,000	2,097,800	209,200
Hospital construction grants .....	3,977,000	2,000,000	1,977,000
Administration and other health services	3,340,000	3,320,250	19,750
	\$104,636,700	\$ 87,303,800	\$ 17,332,900

An extensive program of construction has again been included by the Department of Public Works for the Health services. A total of \$3,562,400 of construction has been planned for the mental institutions which includes \$975,000 to complete an infirmary ward and services building at the Provincial Training School at Red Deer; \$1,200,000 for new wards at the Deerhome Institute at Red Deer and \$250,000 for a new ward at the Provincial Mental Hospital at Claresholm. An addition to the Provincial Laboratory of Health is planned to cost \$650,000 and \$200,000 has been provided for a new Cancer Clinic.

## DEPARTMENT OF PUBLIC WELFARE

	1964-65	1963-64	Increase
Estimated Expenditure:			
Income Account .....	\$ 26,787,475	\$ 24,657,055	\$ 2,130,420

The Government is continuing its policy of gearing public assistance to the individual needs of the recipients. There will be twenty-seven regional offices situated throughout the Province each staffed with persons selected for their training, experience and ability to assess the welfare needs of the people of the area and administer properly the program of the Department. The increased rates of Federal payments to pension recipients have been taken into account in our payments under shared programs. Child welfare which will continue to be the department's responsibility is properly provided for in the estimates.

The estimated gross amount of welfare to be paid in the Province next year is \$41,809,875, against which we apply Federal reimbursements to bring the department's net cost down to the \$26,787,475 shown in the above table.



The following table shows the net cost of our welfare program:

	Estimates 1964-65	Estimates 1963-64	Increase or Decrease*	Number of Recipients
Public Assistance .....	\$ 11,819,780	\$ 9,935,725	\$ 1,884,055	11,500
Rehabilitation .....	359,900	290,350	69,550	.....
Child Welfare .....	3,545,000	3,400,185	144,815	4,320
Pensions and Allowances .....	5,166,910	4,976,950	189,960	11,110
Supplementary Allowances .....	3,303,000	3,663,500	360,500*	18,930
Emergency Measures				
Organization .....	210,230	430,260	220,030*	.....
Homes for unmarried mothers	141,850	.....	141,850	.....
Administration .....	2,240,805	1,960,085	280,720	.....
	\$ 26,787,475	\$ 24,657,055	\$ 2,130,420	.....

In the Public Works Department provision has been made for \$1,895,000 for construction of Homes for the Aged including homes at Edmonton, Calgary, Crossfield and Myrnam. A new hostel for single men known as Ogden Hostel will be built in Calgary at a cost of \$400,000.

### DEPARTMENT OF PUBLIC WORKS

	1964-65	1963-64	Increase or Decrease*
Estimated Revenue:			
Income Account .....	\$ 1,476,535	\$ 1,091,170	\$ 385,365
Capital Account .....	1,076,030	14,130,500	13,054,470*
	\$ 2,552,565	\$ 15,221,670	\$ 12,669,105*
Estimated Expenditure:			
Income Account .....	\$ 15,707,810	\$ 14,022,650	\$ 1,685,160
Capital Account .....	30,488,930	26,456,495	4,032,435
	\$ 46,196,740	\$ 40,479,145	\$ 5,717,595

Constructing, furnishing and equipping public buildings for all departments of government are the responsibility of the Department of Public Works. The following consolidated table shows the complete program anticipated by the Department for next year.

1. Department of Agriculture:	
Construction at Agricultural Schools and farms .....	\$ 778,100
Construction—regional Veterinary Laboratory .....	125,000
2. Attorney General's Department:	
Construction at gaols and institutions .....	1,606,200
3. Department of Education:	
Construction on University Campuses .....	8,962,500
Construction at Institutes of Technology .....	277,100
4. Department of Highways:	
Maintenance Shops and Garages .....	706,000
5. Department of Lands and Forests:	
Construction of warehouses, ranger stations, etc. ....	808,500
6. Department of Public Health:	
Construction at Mental Hospitals .....	3,562,400
Construction—Provincial Laboratory, Edmonton .....	650,000
Other construction .....	317,000
7. Department of Public Welfare:	
Construction—Homes for the Aged .....	1,895,000
Construction—hostels and maternity homes .....	1,001,500
8. Department of Public Works:	
Power Plant on University grounds .....	125,000
Legislative and Provincial Buildings, Court Houses and shops .....	3,122,600
9. Treasury Department:	
Treasury Branches .....	300,000
Total estimated construction of public buildings .....	\$ 24,236,900
Construction at Provincial Power Plants .....	228,200
Furnishings and equipment for all public buildings .....	6,023,830
TOTAL: Department of Public Works—Capital Estimates .....	\$ 30,488,930

With more buildings to maintain the cost has increased and \$12,516,570 has been provided in the estimates for maintenance com-



pared with \$11,773,960 last year. Grants to municipalities in lieu of taxes on government property will require \$1,600,000 and a further sum of \$166,000 has been included to assist certain municipalities in construction of their police buildings which also serve provincial purposes.

Revenue on income account will be obtained from power rates and property rentals while capital receipts will come mainly from the Federal Government as reimbursements of capital costs in connection with construction of educational buildings.

### TREASURY DEPARTMENT

	1964-65	1963-64	Increase or Decrease*
Estimated Revenue:			
Income Account			
Government of Canada .....	\$ 10,690,000	\$ 12,747,000	\$ 2,057,000*
Departmental .....	108,757,325	95,831,350	12,925,975
Capital Account .....	10,128,825	11,267,300	1,138,475*
	\$129,576,150	\$119,845,650	\$ 9,730,500
Estimated Expenditure:			
Income Account .....	\$ 23,357,725	\$ 20,548,445	\$ 2,809,280
Capital Account .....	1,035,000	2,275,000	1,240,000*
	\$ 24,392,725	\$ 22,823,445	\$ 1,569,280

Under our fiscal arrangements with the Federal Government we expect to receive \$59,150,000 collected under authority of The Alberta Income Tax Act and \$5,150,000 which is 75% of estate taxes attributable to residents of Alberta. These receipts are in excess of our guaranteed minimum so we will not receive an equalization payment. In addition the Federal Government will pay to us \$2,840,000 in statutory subsidies and \$2,700,000 to give us one-half of the income tax collected from certain public utilities corporations operating in Alberta.

From our invested reserves we anticipate \$16,238,075 in interest and \$10,128,825 in principal repayments. Liquor profits are expected to increase by \$1,000,000 to \$26,500,000.

Operations of the Treasury Branches will expand and the appropriation has been increased by \$1,050,895 to \$4,490,370. Much of this increase is due to interest paid on more deposits at higher rates. However, earnings and profits will also be higher by \$2,400,000 to a total of \$6,500,000. Unconditional grants paid by the Treasury under The Municipal Assistance Act will be increased from \$15,000,000 to \$16,500,000.

In addition to our budgetary estimates, certain loans are made under the authority of statutes. Under The Farm Purchase Credit Act, 2,226 applications have been approved for loans totalling \$12,647,000 to date. We anticipate additional loans amounting to \$1,600,000 next year. The Rural Telephones Revolving Fund Act has been very active with a total of \$3,040,000 loaned to date. It is expected that an additional \$1,500,000 will be required for loans in 1964.



## MUNICIPAL ASSISTANCE

A statement of assistance to municipalities is appended to this address and you will note that total assistance to be made directly and indirectly is estimated to be \$173,703,412 for next year, an increase of \$13,527,956 over a revised estimate for the current year.

There is to be an increase of \$8,000,000 in contributions to the School Foundation Fund, \$2,830,000 in highways grants and \$1,500,000 in unconditional grants. Indirect assistance, which includes hospitals and medical care, will be increased by \$6,450,082. There is a decrease in the estimate for school construction grants because most of the technical schools planned have now been completed.

Total assistance to municipalities for the fifteen year period ending March 31, 1965 will amount to \$1,376,024,390, while a total of \$296,926,000 has been loaned to local authorities. For comparisons sake it is interesting to note that a projection of our total oil revenues from sales, royalties and rentals to the end of next year is \$1,625,000,000.

## CONCLUSION

Now Mr. Speaker it is significant that our budget is the third highest of the provinces of Canada and that the spending of \$287.00 per capita would appear to be the highest expenditure in Canada measured in these terms. That we can make such expenditures without going beyond our means is proof of the temporal blessings showered upon us as a people. Under these beneficent circumstances we need to remind ourselves that "Pride goeth before a fall," that it is often the case that in affluence confidence becomes conceit, humility gives way to smugness, charity is vanquished by avarice, self esteem supersedes the love of neighbor, cupidity sponsors stupidity, integrity is eroded by the tolerance of sharp practice and the destiny of a people once glorious in prospect becomes inglorious in retrospect.

Each year I become aware that pressures against contributions to the Government and in favor of greater public service, greater subsidization of this or that segment of our economy, increased regulation to protect us from our own follies are motivated more and more by selfish interest. Taxation must be lower because it cuts profits or limits our personal extravagances, health services must be free to all because there are a few who cannot afford them, government must provide for the retirement incomes of all because some choose not to provide for themselves even when they are perfectly able to do so, governments must enforce safety standards because, to save a few dollars, we will risk our own lives and those of others. Those so endowed by providence that they can profit most from higher education now expect to be educated largely at the cost of those less generously endowed. Those in a position to exploit the highways built and maintained at public expense would have governments regulate the competitive practices only by means of which the railways can survive without subsidy. Those who lease the public domain would make heinous any suggestion that rental rates be set by competitive bidding or even that the privilege of using public



lands at bargain rates ought to be passed around once in a while. The monopolies of professionalism must have legal protection against any questioning of standard fees as related to the true worth of services provided. It is against the background of such illogical tradition that the performance of government must be judged.

All of us are at times shocked at the callous indifference of the rich to the plight of the poor in the world's more undeveloped countries. Yet the next week we may extol without reservation the virtues of the unregulated and unrestrained type of free enterprise system which, becoming exploitation, has made such disparity common. One day we decry the slum conditions which breed delinquency, disease and crime, the next day we denounce public expenditures to make healthy these sick conditions. We will have no part of government regulation of business and trade practices by means of which the intelligent, the educated and the astute prey upon the illiterate, the simple and the desperate, yet we denounce the lack of sufficient police force always to protect us from the ravages of those whose moral strength, long undernourished and neglected, cannot keep them from taking from society by force those things of which they have been deprived by circumstance.

There are in our society those whose honest convictions lead them to espouse heavy government patronage of symphonies, of operas, of dramatics, of art even in the face of undeniable needs for spending in the fields of health or welfare and there are those who would have governments make no such expenditures until all mundane demands should be satiated.

This budget and the detailed estimates which you will be asked to approve identify the basic philosophy of Social Credit with regard to all these contentions, the philosophy which has eight times in succession received the endorsement of the people of Alberta. Some priorities have been given to spending in those fields which create an economic climate favorable to the prosperity of our people for only in prosperity can other values be adequately emphasized. The good health of our people has been granted the highest claim on government funds because only in good health are other values significant. Education has been given second place because it forges the keys to open the gates to human progress of every kind. Welfare has attained third priority in spending from income account because it is incumbent upon a rich and professedly Christian province to banish the evils of poverty. Budget estimates recognize the importance of those governmental processes which sponsor justice and protect individual rights. There has been no neglect in providing the funds to protect and enhance and wisely to use our heritage of resources. You will have noted the provisions for making available to all a host of cultural and recreational opportunities. I would make you aware, too, that there is provision in the Treasury appropriation for a million dollars to be distributed in encouragement grants to the many voluntary organizations which go about doing good.

This is a deficit budget in that it anticipates more expenditures than revenues. It does not seem inconsistent with the government's anti-debt philosophy to use for current expenditures some part of



unexpected revenues of past years. By this deficit spending no debt is created and while the budget anticipates the use of nearly 13 millions from our reserves we are at the same time providing for more than 3 million dollars of reserve creating expenditures and capital expenditures which will create many millions of dollars worth of very real and unencumbered assets for the Province.

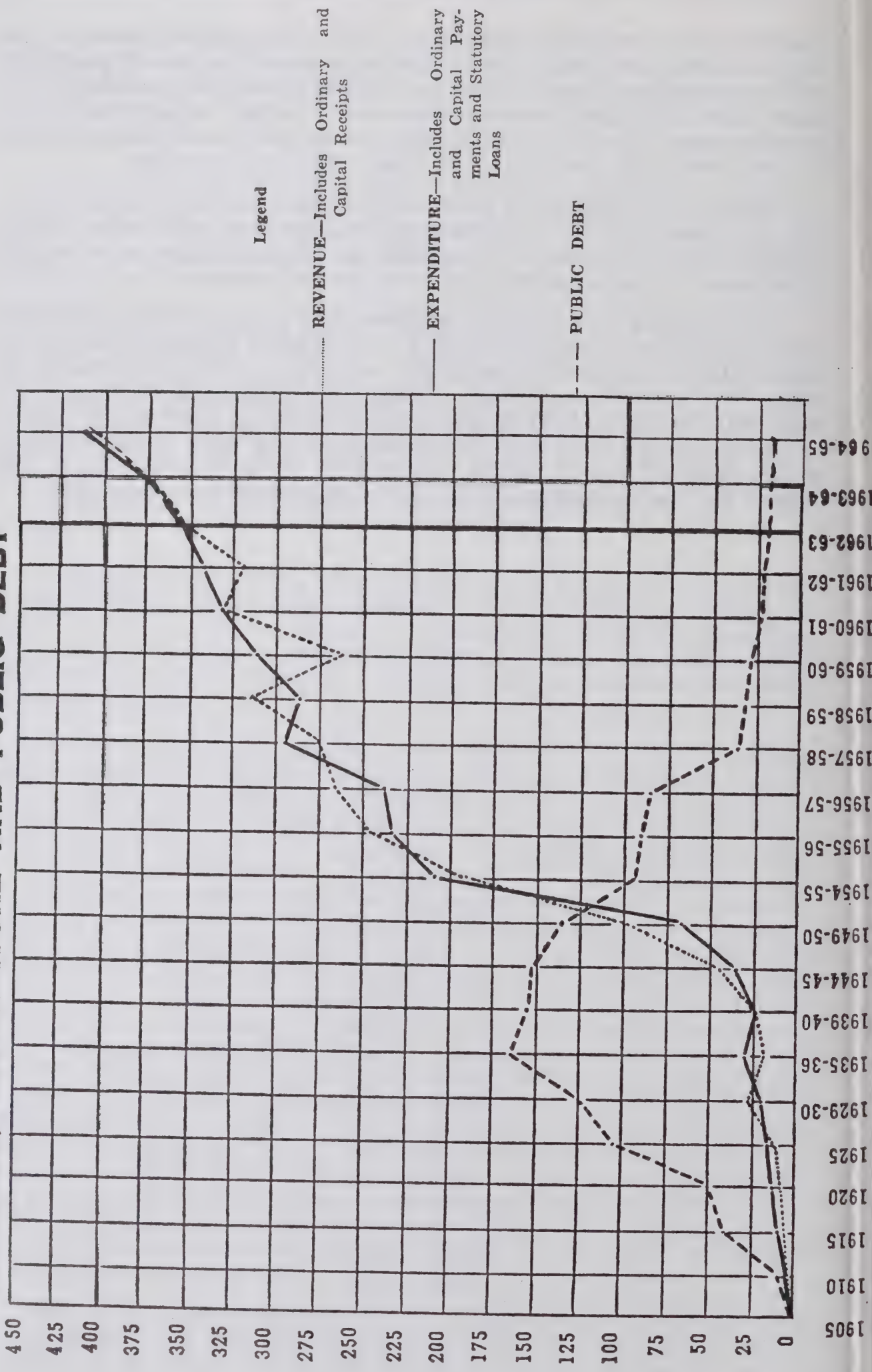
Finally, Mr. Speaker, I would call to the attention of the Honorable Members that the tax portion of the revenues anticipated in this budget has not increased in relation to the aggregate earnings of Albertans in spite of added and more costly services.

I am quite aware that not everyone will agree with the priorities which this budget establishes and I am not naive enough to hope that each dollar of approved expenditure will buy a full dollar's worth of value. So I shall await with interest the criticisms of those who may, with impunity, hold up alternate priorities as much wiser, secure in the knowledge that their proposals shall not have to be defended in the light of future reality. It is with pride that I commit the budget for the consideration of the members of the Assembly.



PROVINCE OF ALBERTA  
REVENUE, EXPENDITURE AND PUBLIC DEBT

Millions  
of Dollars





# PROVINCIAL ASSISTANCE TO MUNICIPALITIES

## FOR THE FIFTEEN YEARS ENDING MARCH 31, 1951 TO MARCH 31, 1965

### DIRECT FINANCIAL ASSISTANCE

#### 1. Education:

Operational Grants to Schools .....  
 Construction Grants to Schools .....  
 Construction Grants to Technical Schools (net) .....  
 Grants to Teachers' Retirement Fund .....

#### 2. Public Health:

Hospital Construction Grants .....  
 Health Service Grants .....

#### 3. Highways:

Grants for roads, bridges and other structures .....

#### 4. Treasury:

Grants in lieu of taxes .....  
 Municipal Assistance Grants .....  
 Grants to Police Stations .....

#### 5. Attorney General's Department:

Remission of fines collected under the Alberta Liquor Act .....

#### 6. Public Welfare:

Indigent Relief .....

#### 7. Lands and Forests Department:

Refunds of cultivation and grazing leases .....

#### 8. Provincial Secretary:

Recreational Grants .....

#### 9. Municipal Affairs:

Winter Works Incentive Program .....

TOTAL: Direct Financial Assistance .....

### INDIRECT FINANCIAL ASSISTANCE:

General Hospitalization for all residents and medical services for  
 Pensioners, Polio, Cancer, etc. ....

TOTAL: Direct and Indirect Financial Assistance .....

### ASSISTANCE BY LOANS

1. Self Liquidating Projects Act .....  
 2. Municipal Capital Expenditure Loans Act .....  
 3. Other Municipal Loans .....  
 4. School Construction Loans .....

TOTAL: Assistance by loans .....

	Total 12 years Apr. 1/50 to Mar. 31/62 Actual	1962-63 Actual	1963-64 Revised Estimate	1964-65 Estimated	Total 15 Years
Operational Grants to Schools	\$310,340,927	\$ 57,234,453	\$ 63,000,000	\$ 71,000,000	\$ 501,575,380
Construction Grants to Schools	82,356,062	8,615,470	2,036,169	-----	93,007,701
Construction Grants to Technical Schools (net)	-----	7,416,456	4,095,957	500,000	12,012,413
Grants to Teachers' Retirement Fund	4,410,030	-----	-----	-----	4,410,030
Hospital Construction Grants	7,735,336	1,288,007	2,468,000	3,000,000	14,491,343
Health Service Grants	3,616,917	712,264	1,074,100	1,002,000	6,405,281
Grants for roads, bridges and other structures	125,607,448	15,945,076	15,550,000	18,380,000	175,482,524
Grants in lieu of taxes	946,188	1,403,891	1,500,000	1,600,000	5,450,079
Municipal Assistance Grants	116,451,166	15,000,000	15,000,000	16,500,000	162,951,166
Grants to Police Stations	625,903	123,182	324,500	166,000	1,239,585
Remission of fines collected under the Alberta Liquor Act	1,682,760	225,336	220,000	260,000	2,388,096
Indigent Relief	18,239,831	2,479,882	2,750,000	2,750,000	26,219,713
Refunds of cultivation and grazing leases	4,263,604	733,783	596,400	600,000	6,193,787
Recreational Grants	2,335,357	906,071	600,000	375,000	4,216,428
Winter Works Incentive Program	2,945,465	1,243,571	1,680,000	1,840,000	7,709,036
TOTAL: Direct Financial Assistance	\$681,556,994	\$113,327,442	\$110,895,126	\$117,973,000	\$1,023,752,562
General Hospitalization for all residents and medical services for Pensioners, Polio, Cancer, etc.	\$210,936,768	\$ 36,324,318	\$ 49,280,330	\$ 55,730,412	\$ 352,271,828
TOTAL: Direct and Indirect Financial Assistance	\$892,493,762	\$149,651,760	\$160,175,456	\$173,703,412	\$1,376,024,390
Self Liquidating Projects Act	\$ 21,994,279	-----	-----	-----	\$ 21,994,279
Municipal Capital Expenditure Loans Act	125,000,000	-----	-----	-----	125,000,000
Other Municipal Loans	66,813,072	123,900	224,000	132,000	67,292,972
School Construction Loans	82,638,963	-----	-----	-----	82,638,963
TOTAL: Assistance by loans	\$296,446,314	\$ 123,900	\$ 224,000	\$ 132,000	\$ 296,926,214



NATURAL RESOURCES

		1962 (Final)		1963 (Preliminary)	
		Production	Value \$	Production	Value \$
Crude Oil and Equivalent .....	BBLs	180,885,831	451,541,229	188,200,000	475,608,000
Natural Gas Marketed .....	M.C.F.	607,843,959	72,792,910	673,410,000	96,100,000
Sulphur—Sales .....	Tons	560,883	8,308,209	1,044,152	12,112,754
Coal .....	Tons	2,087,310	9,969,608	2,240,427	9,553,992
Salt .....	Tons	90,729	1,454,462	93,600	1,468,900
Cement .....	Tons	799,030	14,780,423	724,239	13,684,000
Lime .....	Tons	48,138	842,615	50,610	889,175
Sand and Gravel .....	Tons	13,469,848	12,644,098	15,937,485	13,629,207
Stone .....	Tons	105,695	368,608	109,042	337,914
Clay Products .....	\$		3,445,687		3,074,583
Gold and Silver .....	Oz.	203	6,978	122	4,582
Lumber—Sawmill Production (Crown Lands) .....	F.B.M. No. of	307,000,000	17,650,000	325,000,000	18,700,000
Fur Wild Life .....	Pelts	1,532,328	1,523,544	1,111,496	1,943,878
Commercial Fishing .....	Lbs.	9,023,992	1,234,348	8,413,806	1,178,000

OTHER STATISTICS

		1962 (Final)	1963 (Preliminary)
Retail Trade .....	\$	1,470,643,000	1,530,000,000
Value of Manufactured Shipments .....	\$	974,913,000	1,034,600,000
Electricity—Net Generated .....	KW Hrs.	4,099,017,000	4,490,000,000
Bank Debits .....	\$	19,842,103,000	22,441,000,000
Construction Contracts Awarded .....	\$	310,846,400	265,493,700
Value of Building Permits Issued .....	\$	288,000,000	278,000,000
Motor Vehicles Licensed .....	No.	530,580	545,000
Gravelled or Surfaced Roads and Highways .....	Miles	52,350	54,453
Population—June 1 .....	No.	1,364,000	1,405,000
Number of School Rooms in Operation, June 30 .....	No.	11,285	11,801
Wholesale Trade .....		939,060,000	995,446,000
Tourist Trade (Visitors to National Parks) .....		2,255,920	2,629,700

ESTIMATED VALUE OF AGRICULTURAL PRODUCTION  
FIELD CROPS

	1962		1963	
	Production Bushels	Value Dollars	Production Bushels	Value Dollars
Wheat .....	112,000,000	180,032,000	149,000,000	257,770,000
Oats .....	123,000,000	67,650,000	124,000,000	66,960,000
Barley .....	89,000,000	90,780,000	119,000,000	111,860,000
Rye .....	2,400,000	2,472,000	3,180,000	3,625,000
Mixed Grain .....	13,500,000	11,880,000	13,000,000	10,530,000
Flaxseed .....	3,400,000	10,846,000	3,700,000	10,989,000
Potatoes .....	5,167,000 Pounds	5,270,000	4,167,000 Pounds	4,750,000
Mustard Seed .....	23,000,000	1,011,000	61,200,000	2,448,000
Rapeseed .....	133,000,000	4,123,000	147,000,000	4,851,000
Sunflower Seed .....	2,000,000 Tons	68,000	1,538,000 Tons	54,000
Tame Hay .....	4,000,000	86,000,000	3,800,000	77,368,000
Sugar Beets .....	532,605	11,318,000	580,000	12,325,000
Miscellaneous Crops .....		15,197,000		19,000,000
TOTAL Value Field Crops .....		486,647,000		582,530,000

LIVESTOCK

	1962		1963	
	Number	Value Dollars	Number	Value Dollars
Cattle .....	776,138	159,064,000	784,500	147,588,000
Calves .....	227,718	24,218,000	232,000	24,662,000
Sheep and Lambs .....	186,468	2,705,000	196,000	3,063,000
Hogs .....	1,537,842	66,018,000	1,600,000	67,808,000
TOTAL Value Livestock .....		252,005,000		243,121,000



LIVESTOCK PRODUCTS

	1962 Value in Dollars	1963
Dairy Products .....	50,845,000	51,524,000
Poultry Products .....	28,426,000	31,097,000
Honey and Wax .....	1,005,000	1,830,000
Wool .....	997,000	885,000
Fur Farming .....	2,569,000	2,595,000
Other Livestock Products .....	1,489,000	1,500,000
	85,331,000	89,431,000

SUMMARY

	1962	1963
Field Crops .....	\$486,647,000	\$582,530,000
Livestock .....	252,005,000	243,121,000
Livestock Products .....	85,331,000	89,431,000
	\$823,983,000	\$915,082,000















